

**TOWN OF FOUNTAIN HILLS
MINUTES OF THE SPECIAL SESSION OF THE
FOUNTAIN HILLS TOWN COUNCIL
April 28, 2009**

CALL TO ORDER AND ROLL CALL

Mayor Schlum called the meeting to order at 6:00 p.m. in the Fountain Hills Council Chambers.

ROLL CALL – Present for roll call were the following members of the Fountain Hills Town Council: Mayor Schlum (participated via teleconferencing equipment), Councilmember Contino, Councilmember Leger, Councilmember Hansen, Vice Mayor Archambault and Councilmember Dickey. Town Manager Rick Davis, Town Attorney Andrew McGuire, Deputy Town Manager Julie Ghetti and Town Clerk Bev Bender were also present.

AGENDA ITEM #1 – CONSIDERATION OF PROPOSED REVISIONS TO DEVELOPMENT FEES WITH POSSIBLE DIRECTION TO STAFF REGARDING THE NOTICE OF INTENT AND THE ADOPTION SCHEDULE.

Town Manager Rick Davis stated that Deputy Town Manager Julie Ghetti would highlight a brief presentation on this agenda item.

Ms. Ghetti addressed the Council and advised that the Town had not reviewed development fees since 2005 and explained that the Notice of Intent was official notice to the public that the Town was going to present to Council a report containing a revision to the development fees. She said that the report would be presented to the Council at the May 7th Regular Council meeting. Ms. Ghetti indicated her willingness to respond to questions from the Council. She added that the Council would be receiving the report and added that the consultant would be in attendance at that meeting to also respond to questions from the Council.

Councilmember Dickey stated that there had been a lot of talk in the Legislature about development fees and she was not sure that Ms. Ghetti had had an opportunity to react to it at all but said that if Ms. Ghetti could respond, she would like to know if anything they wanted to proceed with right now was going to be affected by what was being discussed at the Legislature (regarding development fees and the State budget).

Ms. Ghetti replied that her hope was that the Legislature would not attempt to take advantage of the Town's development fees that they had managed to collect over the past few years for growth and capital projects and that they would not follow through with their proposal to use those funds and would allow the Town to use those funds for operating costs. She said that obviously they were not anticipating that in the budget and those funds were earmarked for specific projects related to growth that developers and people who had bought homes had paid for. She stated that staff had not had time to react budgetarily to it but they were just hoping that reason would prevail and that would not happen. She advised that staff would proceed as they had planned.

Councilmember Dickey asked what the balance currently was in the development fee fund. Ms. Ghetti advised that the combined balance of the development fees was approximately \$2.2 million. Councilmember Dickey noted that potentially that was the money that could be at risk.

Councilmember Leger said that the last time they had this discussion they were looking at an inflationary adjustment and he believed what they were looking at now was an inflationary adjustment as well as an increase in development fees across the board. He requested clarification relative to this issue.

Ms. Ghetti advised that the new revised fees did include an inflationary factor but clarified that staff would not be adding another inflation factor on July 1st, which was what they did last year. She noted that that inflation factor was incorporated into the new fees.

Councilmember Leger said that in addition to the inflationary factor he would like to know if they would be making any other adjustments.

Ms. Ghetti stated that the development fees fee schedule was based on the Capital Improvement budget so any of those projects that had been added since 2005 were now part of it (some fees went up and some went down).

In response to a question from Vice Mayor Archambault, Ms. Ghetti advised that a study had been going on for approximately nine months and the report would be presented to the Council on May 7th. She said that the Council would have the opportunity to pose questions and the consultant would also discuss how they had arrived at the fees and what the fees were.

Town Attorney Andrew McGuire stated that at the May 7th presentation the Council would have an opportunity to ask questions. He added that with the Notice of Intent this evening, they start a 60-day “cooling off period” before which the Town cannot hold a public hearing (they had to wait 60 days, hold a public hearing and then after the public hearing they had to wait another 30 days before they could actually adopt). Mr. McGuire advised that there would be a public hearing on this at the first meeting in July and the anticipated adoption date would be the first meeting in August. He explained that following adoption there was a period of time they need to wait until implementation. The idea was to try to have implementation happen prior to the end of the calendar year because the proposed legislation, not today’s topic on impact fees but the bill that was currently alive in the House, had an implementation date of January 1st. He added that the idea was that the fee study be implemented under the current statute. The schedule had been set up to accomplish that.

Ms. Ghetti noted that July 2nd (date of the first public hearing) was a Thursday and staff would change the Notice of Intent to reflect that (the current Notice incorrectly shows it as a Tuesday). The second public hearing and possible adoption would take place on Thursday, August 6th.

Councilmember Dickey **MOVED** to direct staff to move forward with the development fees and Councilmember Leger **SECONDED** the motion.

Mr. McGuire pointed out that the motion should also reflect the fact that the Council was adopting the Notice of Intent.

Councilmember Dickey **MOVED** to direct staff to move forward with the development fees and to adopt the Notice of Intent and Councilmember Leger **SECONDED** the motion, which **CARRIED UNANIMOUSLY** (6-0).

The Vice Mayor thanked Ms. Ghetti for her presentation.

AGENDA ITEM #2 – PRESENTATION OF THE TOWN OF FOUNTAIN HILLS’ FISCAL YEAR 2009-10 DRAFT BUDGET OF ALL FUNDS.

Mr. Davis addressed the Council relative to this agenda item and stated that he wanted to call attention to this event. He said that the budget process began in October for most of the Council and even earlier for administrative staff. He noted that it included several opportunities for the Council to comment on the budget and provide feedback and direction. He added that this was also an opportunity for the public at large to get a first glimpse at the budget. He stated that the proposed budget was a draft document and was certainly subject to change.

Mr. Davis said that this evening Ms. Ghetti would go over some of the specifics or highlights of the budget and staff was going to be taking notes and answering questions along the way. He encouraged the members to provide feedback. He said that staff's intention was that when they brought this back the next time it would be very close to what the Council was expecting the budget to be this year. He said that staff had had several opportunities to meet with the Council and obtain input.

Vice Mayor Archambault asked the Council how they would like to proceed (if someone had a question should they stop and ask it or wait until the end). Ms. Ghetti said that this would be the same presentation that the Council heard at the Work Study Session and added that this was for the benefit of those at home that did not get a chance to see it. She noted that the presentation would consist of an overview of the budget and provides the Council and the public another opportunity to learn about what was included in the budget. She said that she welcomed any questions/requests for clarification from the Council. She announced that a public Open House had been scheduled for May 6th for the public to come, hear the presentation, ask questions, and provide input.

The Vice Mayor stated that they would entertain questions as Ms. Ghetti went through her presentation.

Ms. Ghetti highlighted a presentation on the proposed budget for Fiscal Year 2009-10 and began by referring to a new slide that was not shown at the previous Work Study Session. Ms. Ghetti discussed "where we were today" as far as the General Fund (Revenues/Expenditures), HURF Revenues/Expenditures and CIP Revenues/Transfers/Expenditures. (A complete copy of the presentation was available in the office of the Town Clerk.) Ms. Ghetti stated that staff was being very diligent and making sure that they did not spend more than they have.

Ms. Ghetti outlined new initiatives for FY09-10, including program budgeting with a new software program. She explained that this would allow staff to evaluate the cost of delivery of service to make sure that they were being efficient and effective. She added that financial policies had been amended to reclassify a portion of the General Fund balance to a "Rainy Day" Fund and noted that the "Rainy Day" Fund would be programmed into the FY09-10 budget to be used in the event of a revenue emergency (i.e. legislative appropriation of State Shared revenues). Ms. Ghetti stated that when staff puts the budget on the website for the citizens to review, they would break out the costs so that it would be easier to understand the changes that had been made in an effort to provide the public with information on what it costs to provide services.

Councilmember Hansen agreed and said that perhaps staff could break down the salaries (i.e. Mayor and Council and then another line for administrative support staff. It would be helpful to clarify that the Mayor and Council had not received raises and the figures were merely reflecting the cost of providing the services such as administrative staff, etc.) She stated the opinion that it would have been helpful to include additional language in the budget that addressed this issue.

Ms. Ghetti responded that staff would be happy to do that and provide it to the Council within the next week so that there would be sufficient time to review it before May 21st. She added that staff was also going to move forward with asking the voters to approve revenue bonds for major road improvements (the mill and overlay for Saguaro Boulevard at \$4.5 million). She said that also included in the budget was a Consolidated Fee Schedule that would be adopted when the budget was adopted and noted that it includes all of the Town's fees. Ms. Ghetti pointed out that there were some new fees included in the Schedule such as Liquor License Fees, which the Town had never had before. Ms. Ghetti stated that some of the new fees that were being proposed that were not programmed into the budget consisted of a franchise fee on utilities, which required a vote of the people.

In response to a question from Vice Mayor Archambault, Ms. Ghetti advised that once the voters approve the fee in November, there would be a waiting period before it would go into effect.

Mr. Davis commented that the goal this year was to put together the mechanics for doing this. He added that typically when a property tax was initiated it takes a period of time for those taxes to be accrued and then remitted to the towns. He said that there was a lot of work that they could do ahead of that during the coming year and beginning of next year.

In response to a question from Councilmember Dickey, Ms. Ghetti explained that the revenues on any of these were not programmed into the budget as revenues and the expenditures would be absorbed by staff. Staff was going to continue to work on doing whatever it takes to research them and bring them forward.

The Vice Mayor asked whether they had to budget monies for the election and Ms. Ghetti advised that that had already been included in the budget.

Discussion ensued relative to additional new initiatives for FY09-10, which included an increase in the telecommunications sales tax (cell phones, alarm permits, etc.); revised development fees that would be reviewed by the Council on May 7th; a proposal to lease space in Town Hall in an effort to generate rental monies; proposed revenues and expenditures for FY09-10 and the fact that the total of all funds was \$32.4 million, which included many one-time revenues (bond proceeds, stimulus funds, grants, etc.); the fact that those items must be included in the budget in case they were received so they could be spent and if they did not come forward, the Town would not spend those funds.

In response to a comment from Councilmember Leger, Mr. Davis advised that if the Town was successful in securing funds for Shea Boulevard that would leave funds in the Capital Projects fund that they could dedicate to something else. He said that he was sure that the Council would support contributing something toward some actual cash for Saguaro Boulevard. He stated that he believed there were three sources of income for Saguaro Boulevard, (1) a possible cash contribution; (2) a revenue bond that would be based on HURF monies (approximately \$1.5 million); and (3) the balance being taken care of by a General Obligation bond.

Mayor Schlum concurred with the comments presented by Mr. Davis.

Ms. Ghetti reported that expenditures for all funds was \$32.4 million and noted that again there were many one-time expenditures in there – 40% of those expenditures were for capital projects that would be funded by either grants, stimulus funds, or bonds. She noted that the General Fund was the only fund that was not restricted for a specific purpose. Ms. Ghetti discussed budgets by fund (both revenues and expenditures); operating revenues and operating expenditures; the fact that on page five of the handout, the General Fund budget amount for FY10 should be \$14.5 rather than the \$14.6 that was shown; the fact that the current development fee fund balance in the Fire Development Fee fund was \$37,000 and most of the development fee funds were in open space; capital revenues/expenditures; and the fact that Ms. Ghetti was not anticipating that there would be any monies left over this year to go into the Capital Improvement Fund.

Councilmember Hansen stated that the Council received e-mail notification a few days ago about a couple of grants that Town Engineer Randy Harrel applied for (from Mitchell's office) and said that she thought they were for Saguaro and possibly Shea Boulevard. She asked whether those applications were included.

Ms. Ghetti advised that she was not sure the schedule was for the distribution of those grant funds.

Mr. Davis noted that they were Highway User Revenue Funds and something that the Town was able to apply for every five years. He clarified that the monies were not part of the stimulus package.

Mr. Harrel clarified that what the Council received was not actually a grant application, simply preliminary information submitted on those two projects. He added that the next step would be a grant application and then grant award.

The Vice Mayor thanked Mr. Harrel for pursuing the grant funds for the Town.

In response to a question from Vice Mayor Archambault, Ms. Ghetti confirmed that the \$100,000 listed under traffic signals was not for another traffic signal. She explained that it was to upgrade the technology in all of the existing signals in Town. She added that they were not planning to replace any vehicles next year.

Ms. Ghetti discussed debt service revenues/expenditures and noted that General Obligation bonds were voter approved bonds. She noted that the revenues were generated by a property tax (\$1.4 million) and that was what they would be levying. She outlined the operating budget's highlights (where the monies come from) and reported that staff was anticipating \$14.6 million and 42% of that was State Shared revenues (State income tax, State sales tax, the vehicle license tax). She noted that another 45% of that was the local sales tax. She also discussed where the General Fund monies go and said that they had been very fortunate this budget year and anticipated expenditures were \$14.5 million. They had been able to realize some savings in a couple of areas, particularly in the Sheriff's Office since the contract did not increase 10 or 12% as it could have; they actually lowered it. She added that the same was true of Rural Metro and said that they had been receiving 5% increase in their contract and they actually came in less this year. Ms. Ghetti informed the Council that they had also realized a savings in the health insurance area. Staff had anticipated a 15 to 20% increase and it came in at less than 10% and several employees transitioned over to the Health Savings Account, which saved the Town a significant amount of money.

Additional discussion ensued relative to the General Fund operating budget (\$14.5 million) and the fact that the two largest revenue sources were the State Shared revenue and the local sales tax; the fact that out of that money \$5.9 million pays for Public Safety, \$1.4 million was for Public Works, \$1.1 million was for Planning and Zoning, \$2.7 million was for Recreation and \$3.4 million was for legislative and administrative; the sustained levels of service included in the budget such as Fountain Park over seeding and maintenance; economic development programs, police and fire (no decrease in service), three-year contracts with outside agencies (Boys & Girls Club of Scottsdale, Fountain Hills Community Theater, Fountain Hills Chamber of Commerce – Tourism, Extended Hands Food Bank and special transportation services (the County was discontinuing that program as of June 30th and staff was working on a volunteer program in an effort to pick up some of those citizens/clients who had been utilizing that service); and the fact that the money was still in the budget at this point in time.

Vice Mayor Archambault asked if Ms. Ghetti knew when staff would be coming back to the Council relative to the alternative to the Special Transportation Services (STS) and Mr. David replied that staff was hoping to bring that back on May 21st. He noted that the budgeted amount was \$90,000.

In response to a question from Councilmember Dickey, Mr. Davis explained that one of the reasons staff had not taken that money out of the budget was they were not sure what the costs would be for the new program. He added that staff expected that there would be some savings as they moved to the volunteer program.

Ms. Ghetti outlined a number of items that were reduced in the budget including no merit or cost of living increases for any staff, no over-seeding in parks other than Fountain Park, mowing of turf reduced by half, palm tree trimming eliminated, reducing the fleet by 11 pieces of equipment, Fountain preventative maintenance delayed, print issues of AveNEWS reduced to 4, wash maintenance delayed, and annual pavement management reduced.

In response to a request from the Vice Mayor, Mr. Davis said that the most visible impact resulting from the reductions would be the parks and the elimination of the over-seeding. He added, however, that he had been told that not over-seeding every year was actually a good thing as far as the long-term sustainability of the permanent turf. He pointed out that they did not over-seed at Four Peaks this year and said that the field was pretty green.

Parks and Recreation Director Mark Mayer noted that they over-seeded the north soccer field but not the baseball field.

Mr. Davis discussed the fact that the lack of over-seeding had a direct impact on the amount of mowing that had to be done and reported that the total cost savings associated with not over-seeding was in the neighborhood of \$75,000. He added that they also saved an additional \$23,423 as a result of the reduction in the mowing. He said that it would have been a larger savings if Fountain Park had been included. He stated that they would have actually saved on mowing and scalping costs (another \$11,000) and those figures combined came to about \$50,000. He reported that Fountain Park basically remained the same.

Councilmember Dickey commented on the Fountain preventative maintenance and wash maintenance being delayed. Mr. Davis said that they had really “hit” the wash maintenance hard because of the resources they had expended in that area in past years. He said that they were at a place right now where they had actually bought themselves a little bit of time without significantly increasing any dangers as a result of delaying the wash maintenance.

Councilmember Dickey thanked staff for not asking for merit or cost of living increases at this point in time in view of what the Town and other municipalities were facing. She said that she appreciated their sensitivity.

Councilmember Hansen said that at one point she thought they had discussed having all of the AveNEWS (newsletter) “go electronic.”

Mr. Davis responded that the idea was that they would limit the number of AveNEWS. He stated the opinion that there was some sensitivity at the time this was discussed, perhaps at the Retreat, and opinions were expressed that just going electronic might reduce the amount of communication to an uncomfortable level for our citizens. He added that they discussed doing a few issues during the year but for the most part it would go electronic. He said that what staff was proposing, and it could certainly be changed, was a happy medium where they do some printed versions and reduce costs significantly but they would mostly be electronic.

The Vice Mayor stated that discussion had also taken place relative to the fact that it would take a year or more to move on that (notify the public, receive their buy-in, etc.). He said that he thought that what staff was doing was a very good start.

Councilmember Hansen spoke in support of making copies available at places such as the Community Center and Library and the fact that doing so would reduce mailing costs.

In response to a question from Councilmember Dickey, Ms. Ghetti reported that it costs approximately \$8,000 per issue (\$32,000 for the four issues) plus postage @ \$2,000 for each issue.

Ms. Ghetti discussed the streets operating fund and noted that the revenues come from gasoline sales tax and were based on population (it was a shared revenue). She said that the Town also receives lottery proceeds, known as LTAF 1, which was not the same as the LTAF 2 that the Town received for the Special Transportation Services, and reported that that was approximately \$113,000. She noted that the funds could only be used for street and highway purposes. She added that the expenditures of \$1.6 million included \$136,000 for final debt service payment on street bonds and \$171,000 for the pavement management program. She advised that some of the sustained levels of service in the streets fund included median maintenance (previously in Public Works and moved to the Streets Department), personnel levels had been maintained and street sign maintenance was continuing.

Ms. Ghetti also reviewed the reduced levels of service in the streets fund and stated that there were no merit or cost of living increases programmed; they had reduced the fleet maintenance and therefore the workload for one

of the street personnel responsible for fleet maintenance, and the Town's street sign replacement program had been completed.

Ms. Ghetti reviewed the excise tax revenue operating fund (Economic Development) and informed the Council that the revenues were from the .1% local sales (excise) tax and anticipated revenue was approximately \$300,000. She noted that the monies had to be used solely for economic and downtown development and the total expenditure of \$383,000 included \$250,000 for reimbursement to the developer for the downtown improvements. She stated that if the agreement went away those funds would be taken out of the budget.

Mary Martin addressed the Council at this point and briefly reviewed capital budgets highlights. She reported that there were a number of projects that would move forward only if the source of funding was identified for the project (bond proceeds and stimulus monies and grant funds that had been programmed into the budget). Projects outlined by Ms. Martin included The Town Square Avenue of the Fountains; the Shea Boulevard climbing lane (of that \$1,076,000 was grant funding from MAG, \$1,081,000 was stimulus monies and \$547,000 was anticipated to come from the Capital Improvement Fund); the Shea Boulevard widening project (\$1,600,000 and staff anticipates \$1,120,000 in grant funding from MAG and \$480,000 in CIP funds); a mill and overlay project on Saguaro Boulevard at a cost of \$4,500,000 (programmed into the 09-10 budget in the hope that bond monies could be obtained to proceed with the project that had been delayed several times); a number of projects under the "sidewalks" category, two of which were Fountain Hills Boulevard projects, one was near the middle school and that was the project that had grant funding attached to it (\$50,000) and \$288,300 in CIP and the second portion of the Fountain Hills sidewalk was an area close to Shea and that was CIP funded for \$100,000, and the third component was the annual sidewalk plan, which was totally funded by CIP at \$342,000; drainage, the pavement management program and fire station (relocation of station from Saguaro to Shea based on stimulus funds), the municipal government software project, which was the continuation of the software that the Town had been implementing this year, and the Emergency Operations Center.

Councilmember Dickey said that the Council was getting a recommendation from staff to not move ahead with the fire station unless the Town received the stimulus funds. She stated that she wanted to question both staff and her fellow Councilmembers on this because she just does not understand why they were not moving ahead with that project given the information that they had received over the last couple of years. She added that they had been told that the reason they needed it was based on a methodology that was widely used and widely accepted and that a need exists. She said that they knew they were not going to have carry forward this year from fees to go into the capital fund but they did have \$7, \$8 or \$9 million in the capital fund. She noted that this was an emergency public safety issue and she could not see anything else that would take precedence over this in FY10/11 or 11/12. She requested that staff and her colleagues help her to understand why this was not a need and why they should not move forward with this unless they received stimulus funds.

Mr. Davis stated that staff was open to direction either way and added that staff perceived that that proposal was more in alignment with the Council's intentions so far.

Vice Mayor Archambault said that one of the things that Councilmember Leger did was some thinking "out of the box" and got Rural Metro to agree to work with the Town when it was determined that 90% of the calls were health related or ambulance service calls. He believed that the Council addressed that for the time being and the areas were covered as far as public safety. He agreed that a need exists to move the fire station so that they could service the calls and be more balanced than they were now. He added that they had an opportunity to perhaps get some stimulus funds and if they got them they had told staff to move ahead with plans for the station. He stated that they all knew that downturns did not last and good times did not last but at some point things were going to turn around and the Town was going to be back up where it belonged and they would have the funds at that point to build that station. He added that until that time came, he thought they had gone down the path to satisfy the needs that were out there.

Mayor Schlum stated that Councilmember Dickey brought up a good point. During discussions regarding the fire station location and design, staff likely heard discussion about spending the dollars to ultimately build the project once they had stimulus funding so he does not blame staff for associating the stimulus funding with the project. He added that he wanted to clarify with Ms. Ghetti or Ms. Martin that the income coming in from capital funding would only be about \$500,000 this year.

Fire Marshall Scott LaGreca stated that the Mayor was absolutely correct and added that naturally he would like to come into the fiscal year with a guarantee that the station would be built but added that he did feel a little bit more comfortable because the timetable as far as the stimulus monies was probably not going to come to fruition until January or February of 2010 so that gave them some "wobble room" in this budget year. He added that if they were not successful in the grant funding portion of the project, he would certainly come before them at the start of the next budget year to encourage them to move forward with funding the CIP fund for the station in 2010/11. He said that one thing that was kind of encouraging that he heard from the architect was that the cost projections were coming in approximately 30% lower than what they anticipated for construction. He stated that in the next year's window this budget and obviously 2010/11's budget there was a great opportunity, however, the project was funded to realize some real savings in the construction of this project. He cautioned that although the Fry's center substation was in the contract to hopefully be signed and approved next week, the volatility of the ambulance business could change that dynamic at any given time.

Councilmember Dickey said that if they were saying the numbers would be coming in lower to build it, then she would not want to miss out on this opportunity. She stated that if they did not have it in this budget and they did not get the stimulus funding then they would be waiting a year from this July to begin anything. She added that there would probably be pretty good value at that point but she would not want to miss an opportunity to get something done during a time that they could save resources. She discussed the fact that they were over utilizing one of their stations so this was not just a matter of putting a station someplace, it was a matter of equalizing service. She said that she was aware of the fact that there was only \$500,000 coming in and there would not be any carry forward but added that there was a balance. She asked what was more important than this project (what could come up that the Council thinks was more important that would take the entire \$8 million) and why would they not put this in the budget regardless of whether they received the stimulus money. She stated that she was glad that the ambulance service was going to be provided and said that that was part of a short-term solution but building a station was a long-term solution.

Councilmember Dickey stated the opinion that support for moving forward and placing this item in the budget did not exist (regardless of whether they receive the stimulus money) but expressed the opinion that this would be one of the most important things they could do. She noted that it was about public safety so she did not know why anyone was hesitant to do this now especially since they would get good value for their money and it would help relieve the extra pressure on the other station.

In response to a question from Vice Mayor Archambault, Ms. Ghetti confirmed that the money was currently included in the budget. The Vice Mayor said that once the architectural plans were done, if there was no stimulus money, the Council would have the option if they saw a huge value in moving forward with the project at that time, to transfer the funds out of the CIP and budget that particular item. Ms. Ghetti explained that the monies were included in the budget as an appropriation so whether the stimulus funds were received or not the money was there and it had been appropriated. She added that if the Council decided that they wanted to fund the project out of the Capital Projects budget they certainly could do so.

Mr. Davis stated that they would just have to clear that there were no revenues appropriated to support the expenditure.

Councilmember Hansen said that if they wanted to look at this another way and, based upon what Councilmember Dickey was saying, if they readdressed some of the capital projects to increase the comfort

level of that expenditure and delay for example the sidewalks, drainage, and the Avenue of the Fountains, they would almost be where they needed to be.

The Vice Mayor agreed and stated that there were things in the budget that they could forego; however, they had to be careful about which funds, where they were coming from, etc. He said that the Council would probably want to take advantage of a huge cost savings if that was available but they must also understand that some other projects would not get done if they moved in that direction.

Ms. Ghetti commented that it would also mean that they would be taking an additional \$1.5 million out of the CIP fund and reducing the fund balance because they would not have the revenue for it – it was appropriated in that fund but so was the revenue, but if they took the revenue away then they would actually be reducing the fund balance in that fund.

Councilmember Dickey noted that there was also \$37,000 in the development fee fund that could go towards the project as well. She thanked the Council and staff for their willingness to discuss this issue.

Ms. Ghetti briefly reviewed the debt service schedule and the tax levy for bonds. She reported that what the Town actually levies each year was about \$1.4 million and that had stayed the same but the tax rate goes up and down with the valuation. She added that next year staff anticipates that the rate would increase slightly – they were still only going to get \$1.4 million but because the assessed valuation of the Town went down, the tax rate had to go up.

Ms. Ghetti discussed “where they go from here” and reiterated that there would be a Budget Open House on May 6th, another budget presentation during the May 21st Council meeting when much more detail would be presented to the Council and at that time they would anticipate adopting the maximum spending limit as the tentative budget. She added that hopefully the Council would adopt the final budget on June 4th, which would allow them enough time to approve the tax levy at the next meeting on June 18th.

Ms. Ghetti advised that, in summary, all of the funds were balanced, there were no increases in staff, the cost of living, or salaries, the budget was framed with the Council on strategic goals, there was an increased reliance on outside funding sources for those capital projects and staff tried to make service level cuts that affected the maintenance but did not affect the citizens. Ms. Ghetti indicated her willingness to respond to questions from the Council.

Mr. Davis acknowledged and expressed appreciation for the participation by the Executive Budget Committee (the first time the Town had used one) and listed the names of the members and the Vice Mayor, speaking on behalf of the Council, thanked them for their efforts as well.

Councilmember Leger said that a couple of comments were made regarding a lack of detail in the budget and said that staff had done a tremendous job. He added that he would like to see a little more written explanation in hard copy of the item listed on Page 88, the Council’s budget, because at first glance it looks as if the Council had salary increases included and were receiving health insurance and employee retirement. He requested that staff put a notation in print as suggested earlier. He also referred to Page 98 and said that he would also like to see more details on those items. He added that as far as the Senior Services budget, he would like to have more detail in terms of the breakdowns (there was just a lump sum number listed).

Councilmember Hansen said that it would be helpful to explain in a brief sentence why various line items had increased or if they were new.

Ms. Ghetti informed the Council that staff would include that information. She said that it was not their intention to not include it but their goal was to get the document out to the Council early so they could see what

it was. She added that she still was still working on the budget and would include various detail for the Council's evaluation.

Councilmember Dickey thanked staff for their hard work.

Councilmember Leger referred to Page 15 and pointed out a typographical error (singe should be changed to single).

Mayor Schlum thanked Ms. Ghetti for her presentation and added that the Council had been proactive. He also thanked Mr. Davis and the rest of staff for their hard work on the budget.

Councilmember Hansen referred to Page 41 where it stated 81.25 full time employees proposed for FY 09-10 compared to 106 in FY 02-03 and stated the opinion that it would be a little more accurate to reflect that that was due to the removal of an entire department (the Marshall's department, 26 employees).

Councilmember Hansen stated that under the Community Center FF&E was listed and she did not know that there was any FF&E monies left. Ms. Ghetti replied that there were no monies left in that fund and added that she would look into where the number came from and correct it.

The Vice Mayor reiterated appreciation to Ms. Ghetti and staff and thanked all of the department heads present at the meeting for their diligence and hard work. He said that the entire Council thanked them for the big effort they had all put forward.

AGENDA ITEM #3 - ADJOURNMENT

Councilmember Dickey **MOVED** to adjourn the meeting and Councilmember Leger **SECONDED** the motion, which **CARRIED UNANIMOUSLY** (6-0). The meeting adjourned at 7:32 p.m.

TOWN OF FOUNTAIN HILLS

By _____
Jay T. Schlum, Mayor

ATTEST AND
PREPARED BY:

Bevelyn J. Bender, Town Clerk

CERTIFICATION

I hereby certify that the foregoing minutes are a true and correct copy of the minutes of the Special Session held by the Town Council of Fountain Hills on the 28th day of April 2009. I further certify that the meeting was duly called and that a quorum was present.

DATED this 21st day of May 2009.

Bevelyn J. Bender, Town Clerk